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ARKANSAS.

Extracts from the Governor's message to the Legislature of Arkansas, November 4, 1844.

All the elements of prosperity connected with a genial climate and fertile soil are, in a most healthy state, calculated to secure and advance the interests of all portions of the country. * * * * *

For several years past no portion of the Union has been exempt from a commercial and pecuniary derangement—growing, no doubt, out of a spirit of speculation and extravagance unparalleled in the history of the country; but, from the character of our peculiar system of government, based, as it is, upon the virtue and intelligence of the people and their capacity for self-government, and so framed as to allow all to engage in such pursuits as their inclination may direct, connected with the enterprise and industry of the people, we may confidently anticipate that the time is not distant when, by a proper administration of the government, pecuniary embarrassments will cease, commerce will assume its proper channel, and all the elements of prosperity, so abundant in this State, will have their full effect upon the labor and industry of the country.

The system of economy which pervades the whole country, growing out of the commercial and monetary difficulties through which we have been and are still passing, and which have visited all classes of the community, will no doubt secure the general prosperity so ardently desired. This is essentially an agricultural State. Ninety-nine out of every hundred of our population are agriculturists; and it is confidently believed that one of the most desirable things to be accomplished is permanency in legislative action, which ought at all times to be kept in view by every department of the government. I cannot, therefore, too earnestly recommend such a course of legislation as will produce *changes in the laws* only where experience has shown them indispensable. Changing the laws too frequently invariably produces hardships and derangements, which would otherwise have been avoided.

By this cautious system of legislation, the cultivators of the soil, who compose so large a majorty of the people, will be secured more certainly in their just rights, without infringing upon the rights of others; and thus the prices of the products of the soil and the wages of labor will be more uniform and certain.

A wild and extravagant system of legislation is more to be deprecated in a free country like this, than any thing else. Such a course of legislation, together with the operation of the banks in many of our sister States, as well as in our own, has had a tendency to neglect the interest of the producing classes, while it protected the supposed interest of large dealers and bankers; hence the cause of that wild spirit of speculation and extravagance which for a time prostrated the best interests of every department of life.

I presume it is beyond controversy that a system of legislation has been adopted in many parts of the Union which had for its object the advancement of the interest of the banks; enabling them to practise a system of favoritism, by extending large loans to a few extensive debtors, to the almost entire exclusion of those who operated upon a smaller scale, as well as the community generally; which resulted disastrously both to the banks and to the people.

Aided, therefore, by the experience of the past, we will be prepared to avoid such unhealthy legislation.

At the last session of the general assembly an act was passed placing the Bank of the State in liquidation, and requiring heavy calls to be made upon its debtors. The soundness of that act cannot at this day be questioned. At the period of its passage the bank was in a state of suspension of specie payment, and its circulation had sunk to a most ruinous depreciation, and it exhibited an incapacity to resume the payment of specie, or to redeem at an early period its paper. The necessity, therefore, pressed upon the general assembly to place the bank in a condition to be wound up with as little loss as possible to the note-holders. Since the bank has been undergoing the process of liquidation, its circulation has been reduced from a large to comparatively a very small amount, producing at the same time as little oppression in the community as the general assembly could have anticipated.

The amount of notes issued by the State Bank and branches, outstanding on the 26th day of October last, after deducting the amount already burnt, and the amount on hand to be cancelled and burnt, was $172,335.

Towards the redemption of this sum there is already in the vaults of the principal bank $128,000 in the notes of the Real Estate Bank and branches, to which may be added the amount of notes collected by the receivers of the different branches since their last returns.

Thus it is manifest, that under the regular operation of the law, in much less than two years more the entire circulation will have been taken in. After that period the debtors will be forced to pay their calls in specie; which, under the present arrangement, will be impracticable.

Had it been the good fortune of our citizens to have escaped a most extraordinary flood of water which visited us in the planting season, and had they succeeded in making their ordinary crops, I should have deemed it unnecessary to suggest the propriety of any alteration in the act of liquidation; but the overflow of our rivers having prevented our planters and farmers, in a great many instances, from making any crops, and in others not more than one-half or one-third of their ordinary produce, thus keeping out of immediate circulation at least one million of dollars, it is rendered impossible, it seems to me, for our citizens to meet punctually, without creating further liabilities, the heavy calls now made upon them.

I therefore conceive it my duty to recommend to your favorable consideration the propriety of so amending the act of liquidation as to lessen the calls now made upon the debtors; believing, confidently, that by reducing them one-third, or even one-half, no damage would thereby accrue to the State or to the note-holder.

"An act to settle and liquidate the affairs of the Real Estate Bank" was passed by the general assembly, and approved the 31st of January, 1843, authorizing an election to be holden on the 1st Monday in March thereafter, for the purpose of electing ten trustees, whose duties were specially defined in said act. I regret to say no such election took place, and the patriotic intentions of the legislature have been totally frustrated.

The condition of the Real Estate Bank is unknown to the community whose interest is so deeply involved in its management. It will be seen, however, from the report of the auditor of public accounts, that the whole amount of issues of the bank and branches is $854,650; that the amount redeemed and burnt, up to the 30th of September last, is $384,730; and

that there are in the vaults of the principal bank, ready to be burnt, $182,620, exclusive of the amount received at the different branches since the last of April. It will be readily perceived by the general assembly that the above statement gives only a partial account of the condition of the bank. Whether the property and assets of the bank are applied to the legitimate objects of its creation I am unable to say, but hope the general assembly will find, upon examination of its condition and mode of operation, its situation to be such as will secure to it a greater share of public confidence than it now possesses.

I have but little doubt, however, that the want of confidence in the operations of the bank, as manifested in various portions of the State, proceeds more from the fact that all information in relation to it has been kept in the hands of a few individuals, than from any corruption in its administration.

Nevertheless, it is due to the citizens, as well as to the individual stockholders themselves, that the bank, from its beginning to the present moment, should be thoroughly investigated by the general assembly, and its condition laid before the public.

The history of the bank already presents the most extraordinary picture ever exhibited to a free people. In the first place, a public corporation is created by the solemn act of the legislative department of the government, involving the rights and privileges of individuals as well as the State. In the next place, the act of incorporation giving existence to the bank is destroyed by an *ex parte* operation of a few individuals, by which a deed of assignment was made to a few men denominated residuary trustees, whereby the assets of the bank of every description were transferred into the hands of said residuary trustees and their officers. From that period the operation and management of the bank has been involved in profound mystery. Consequently, I deem it my duty to recommend to the general assembly an impartial and thorough examination into its affairs, and such other measures as your wisdom will most readily suggest, affording, at the same time, all the aid in your power to the institution, in winding up its affairs, consistent with the interests of the State. It will not be contended by any that the general assembly has not the power to examine into the condition of this institution; and certainly no one who is connected with its administration will do otherwise than solicit, and even aid in its thorough investigation.

If the president and directors of a corporation have the power to destroy its corporate existence, in opposition to the express will of the legislature, and forbid the representatives of the people from examining into its condition, it does not require much foresight to determine that the time is not remote when our corporations will defy the authority of the other departments of the government, resolve themselves into legislative bodies, and make laws to advance their own interests in violation of the rights of others.

When this shall be the case, all the great principles of our government worth preserving will be gone, and we shall be governed by a set of soulless corporations instead of the voice of a free people.

At the last session of the general assembly $288,425 69 were appropriated for the support of the government; and, owing to the economy and fidelity of its officers in their administration, only $163,005 45 have been expended; leaving on hand at this time $125,409 74, which will be subject to the direction and control of the legislature.

It will be perceived by the general assembly that the State treasury is not in a condition to pay off the interest which has already accrued on the State bonds. This is greatly to be regretted by all who desire the honor and interest of the State preserved untarnished.

But it sometimes occurs with nations as with individuals, that, in the management of their monetary affairs, it is impossible for them to meet their engagements at the time agreed upon. This is the present situation of our State.

Still it is to be hoped that the large indebtedness to the banks will greatly aid the payment of the interest of the State bonds before a great period shall elapse.

The amount of interest due on the bonds sold by the State Bank up to the 1st of October last is $214,407 50; of which $116,907 50 are payable in New York, and $97,500 in London. The amount of interest due on the bonds sold by the Real Estate Bank, without including the five hundred hypothecated bonds, up to the 1st day of October last, is $290,100; of which $260,900 are payable in New York, and $29,200 in London; making the total amount of undisputed interest $504,507 50 remaining due and unpaid up to the 1st of October last.

In relation to the bonds held by citizens of London, in the kingdom of Great Britain, I have received a communication from Joseph Hume and others enclosing a memorial to the general assembly, requesting the speedy payment of the interest due on the bonds held by them and other citizens of Europe, which memorial is herewith transmitted.

Our citizens are already oppressed by taxation to meet the expenses of the State government, and I am therefore unprepared to recommend an increased taxation, for the purpose of meeting the interest on the State bonds; but prompt and energetic measures should be adopted, with the means and assets of the banks, to discharge the interest upon all such bonds as have been sold in good faith, and in strict accordance with the bank charters.

My predecessor saw proper, for the purpose of doing justice both to the State and to the bond-holders, to recommend the appointment of an agent or commissioner, under the authority of the legislature, to investigate fully the subject of the sale of the bonds, in order to ascertain those sold in good faith, and report accordingly to the next legislature. I fully concur with him in recommending the creation of such an officer, as I presume no portion of our population would be willing to pay the interest on bonds fraudulently obtained or disposed of in violation of the constitution and laws of our State.

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SAMUEL ADAMS.

Letter and memorial from Arkansas bond-holders, referred to in the foregoing message.

LONDON, *August* 29, 1843.

SIR: We, the undersigned, holders of the bonds of the State of Arkansas, take the liberty of calling the attention of your excellency to the

serious loss and inconvenience arising to us, and to a number of our constituents, who have invested their capital in these bonds at our suggestion, from the non payment of the interest thereon, which has now been left in suspense several years, no dividend having been paid since the 1st of July, 1841.

These bonds were created by an act of your legislature, passed after mature deliberation, and duly sanctioned by the executive, for the purpose, as we were informed, of aiding your banking institutions, and developing the resources of your State, the natural advantages of which were known to us to be equal to any section of your fertile country.

Feeling confident, from these facts, and from our high appreciation of the character and intelligence of the American people, that engagements so based would be at all times religiously fulfilled, we not only embarked our own property in these bonds to a considerable extent, but also recommended them strongly to our friends in this country, and on the continent of Europe, as an investment the perfect safety of which could not admit of a doubt. Many of the persons who have thus invested their capital are dependant for their subsistence on the punctual payment of the interest, and we fear the inconvenience and distress arising from a want of regularity in this respect have not hitherto been sufficiently appreciated on your side of the Atlantic; it cannot be too strongly described.

It is, therefore, a matter of deep anxiety to us that prompt and efficient means should be taken to provide for the arrears of interest, and to assure its punctual payment hereafter. For this purpose, we have drawn up a memorial to your legislature, of which we beg leave to enclose a copy; and towards this object we also venture respectfully to solicit your excellency's powerful influence and co-operation, which we confidently rely will not be withheld, when the result will not only relieve the numerous and respectable persons whom we represent from difficulties and want, but also eminently redound to the credit and honor of the State, in the government of which your excellency fills so prominent a station.

We have the honor to be, sir, your excellency's very humble and obedient servants,

FRED. HUTH & CO.
JOSEPH HUME, *M. P.*
JOSEPH HUME, *for Robert Law and others.*
PALMER, MARKILLASS, DENT, & CO.
NOUIRN, ZOLARTE, & MURROCTO.

To his Excellency the GOVERNOR
of the State of Arkansas.

To the honorable the Senate and House of Representatives of the State of Arkansas:

The memorial of the undersigned, holders of bonds issued by the State of Arkansas in favor of the Real Estate Bank and the Bank of the State of Arkansas, respectfully showeth:

That your memorialists were invited, in the year 1839, to become purchasers of the bonds of the State of Arkansas, issued in virtue of an act of your honorable body, which, they were informed, had been passed after mature deliberation, and duly sanctioned by the executive. The proceeds of these bonds were intended, as the act stated, to aid the banking institutions of the Commonwealth, and to develop its resources, which your memorialists knew to be of the highest order. That, as a further argument to inspire confidence in the perfect safety of these bonds, it was stated to your memorialists that the government of the United States had invested a large amount of trust money in the same stock, and that the whole debt of the State of Arkansas did not exceed three millions of dollars; that the interest on this loan could at all times be easily raised; and that no new loans would be necessary, as the natural advantages of communication throughout the State were such as to render railroads and canals superfluous.

That upon these representations, and with a full reliance on the high character and the intelligence pervading all classes of the American people, your memorialists were induced to invest a large portion of their property in the bonds of your State at full prices, and also recommended these bonds to their friends in this country and on the continent of Europe, as an investment of the most undoubted safety.

That many of the persons who have thus invested their money in the aforesaid bonds are dependant for their subsistence on the punctual payment of the interest, having few or no other sources of income.

That your memorialists, after receiving their dividends with great regularity up to the 1st of July, 1841, have not, since that period, received any portion of the interest due to them, although the agents with whom the dividends had been made payable had written to the treasurer of the State of Arkansas to acquaint him with their appointment, and to recommend punctuality in his remittances for the said dividends as the only means of preserving and increasing the confidence in the European public in these securities.

That your memorialists have no official information of the causes of this disappointment, nor any means of judging when the payment of the interest will be resumed; and that in the mean time they are not only themselves suffering considerable inconvenience, but are unable to satisfy the numerous inquiries from constituents abroad, some of whom are involved in serious difficulties in consequence of the non-payment of the said dividends.

That your memorialists, whilst deeply lamenting the financial embarrassments of your country, of which the State of Arkansas appears unfortunately to have had its share, are unshaken in their confidence in the perfect safety of all engagements for which the faith of that State is pledged, and in this confidence they have hitherto patiently waited for the action of your honorable body in regard to the aforesaid bonds; they have learned with satisfaction that, as far as the bonds issued in favor of the Real Estate Bank are concerned, the interest thereon is to be provided from the assets of that bank, in a certain rotation fixed by a deed of interest executed for that purpose under judicial sanction.

Your memorialists have also learned with much gratification that many influential persons in the State of Arkansas have, on various occasions, expressed the most honorable opinions in regard to the public debt, and the necessity of providing for it; and that the same sentiments are entertained and powerfully advocated by their honors the judges of the courts of the State, whose views, from their independent station and acknow-

ledged learning, seem peculiarly entitled to respect in a case involving public obligations.

Under these circumstances, your memorialists, on the one hand, fully appreciate the difficulties in which your country has been so unexpectedly and overwhelmingly involved, (and they no less appreciate the honorable motives and feelings which influence the people of Arkansas;) but, on the other hand, they consider it a duty which they owe to themselves and to their constituents to lay the case before your honorable body as one of the most serious import to a numerous class of persons, who, at a great distance, and with no means of investigating your local or internal arrangements, but confiding in the institutions of your country and the character of your people, have staked their property upon the solemn engagement which the bonds in question purport to set forth, and who now suddenly and undeservedly find themselves deprived of their income, and exposed to inconvenience and want. On the part of these, their constituents, as well as on their own part, your memorialists beg leave respectfully but earnestly to entreat the special and immediate attention of your honorable body to the prompt payment of the interest on the aforesaid bonds; and they venture to hope that, independent of the share to be eventually derived from the assets of the banks—the collection of which would appear uncertain and precarious—measures will be adopted to raise the necessary funds from such other sources as your honorable body may deem proper, and that the funds so obtained, in proper time, as they are collected, will be ratably applied to the holders of the coupons of the aforesaid bonds now due, until the whole of the arrears are paid off.

And your memorialists, as in duty bound, will ever pray.

FRED. HUTH & CO.
PALMER, MARKILLASS, DENT, & CO.
JOSEPH HUME, *M. P.*
JOSEPH HUME, *for Robert Law, Hanes, Hibbard, and others.*
NOUIRN, ZOLARTE, & MURROCTO.

LONDON, *August* 20, 1843.

Extract from the Auditor's report.

On the 31st of May, 1843, thirty-two of the bonds given by the governor for money borrowed of the Real Estate Bank, with interest from the 1st day of January to the 1st day of May, 1843, amounting together to $32,666 66, were paid under section twenty-nine of "An act to place the Real Estate Bank of the State of Arkansas in liquidation," approved January 31, 1843.

By reference to the law, it will be seen that these bonds were paid with notes of the Real Estate Bank, which had been received by the State Bank in payment of debts due to it.

Before the State Bank was placed in liquidation, its officers were paid out of the funds of the bank; but, under existing laws, they are paid out of the State treasury, thereby greatly increasing the expenditures.

Under the requisitions of "An act to place the Bank of the State of Arkansas in liquidation," approved January 31, 1843, the auditor has assisted the bank receivers and State treasurer in comparing the records and burning notes of the Bank of the State of Arkansas and its branches, amounting in the aggregate to $1,007,760; and also, in like manner, in burning blank bank-note impressions, amounting to $3,152,070. The amount of all the notes ever issued by the bank and its branches is reported to this office to be $1,216,900.

In answer to a communication from the auditor, the cashier and secretary of the Real Estate Bank state: "The whole amount of the issues of the Real Estate Bank and branches is $854,650;" that the "amount redeemed, cancelled, and burnt, up to September 30, 1844, is $384,730."

On the 29th day of July, 1844, at the suit of the State, the supreme court adjudged the charter of the Real Estate Bank to be forfeited, up to which time the bonus due to the State from the bank, under section thirty-six of the charter, amounted to $12,826 37, which still remains unpaid.

For money borrowed of this bank under an act approved the 28th of December, 1840, it holds six bonds of the State, each for $1,000, bearing interest at the rate of five per cent. per annum, upon all of which the interest has been paid to the 1st of January, 1843. Three of these bonds are dated June 30, 1841, and three August 13, 1841; the former will be due June 30, 1851, and the latter August 13, 1851. All other bonds given for money borrowed for the use of the State treasury have been paid.

These six bonds were left unpaid to offset part of the amount due from the Real Estate Bank to the State.

In order to ascertain and make a full statement of all the liabilities of the State, the auditor has obtained from the officers of the banks, and now presents, some information in relation to interest due on State bonds sold by these institutions. On the 1st day of October, 1844, the interest due from the State Bank on account of eleven hundred and sixty-nine State bonds sold by it amounts to $214,447 50, of which the sum of $116,907 50 is payable in New York, and $97,500 in London. One hundred and sixty-nine of these bonds bear interest at the rate of five per cent. per annum, and will be due and payable in New York on the 1st day of January, 1887; and one thousand bear interest at the rate of six per cent. per annum, and will be due and one half payable in New York, and the other in London, on the 1st day of January, 1868.

Without including the five hundred State bonds hypothecated by the Real Estate Bank, the interest due on the 1st day of October, 1844, on the other fifteen hundred and thirty State bonds sold by the Real Estate Bank, amounts to $290,100; of which the sum of $260,900 is payable in New York, and $29,200 in London.

All the bonds issued to the Real Estate Bank bear interest at the rate of six per cent. per annum, and will be due on the 26th day of October, 1861.

It therefore appears, that on the 1st day of October, 1844, the regular and undisputed interest due from the two banks, on account of State bonds sold by them, amounts to $504,597 50, of which the sum of $377,807 50 is payable in New York, and $126,700 in London. In answer to a communication from the auditor, the cashier and secretary of the Real Estate Bank state that thirteen of the State bonds heretofore sold by that bank have been received in payment of debt due to it, and that sixteen of the

five per cent. bonds and three of the six per cent. bonds sold by the State Bank have, in like manner, been received by the Real Estate Bank.

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ELIAS N. CONWAY,

Auditor of Public Accounts of the State of Arkansas.

OCTOBER 1, 1844.

EXTRACT FROM THE GOVERNOR'S MESSAGE

Gentlemen of the Senate and of the House of Representatives:

In conformity with the constitutional requirement, and with my own promise recently made, I present you my views upon several subjects of public interest.

The communication of my immediate predecessor, embodying most of the subjects within your probable sphere of action, and coinciding in the main with my own opinions, leaves me comparatively little to say, either in the suggestion of new subjects, or in the discussion of those already before you.

I invite your attention, in the first place, to the affairs of the Bank of the State of Arkansas, an act for the liquidation of which was passed at the last session of the general assembly, and approved January 31, 1843.

So far as that act intended to withdraw from circulation an unsound, uncertain, and greatly depreciated currency, the object has been, to a great extent, accomplished, for but few of the notes of the bank are at the present time to be met in ordinary business transactions; the most of the very small amount yet remaining unredeemed being in the hands of brokers and speculators.

That provision of the act authorizing the receipt of the bonds of the State in payment of debts due the bank, when the whole amount of the circulation of the bank shall have been redeemed, has of course been inoperative. As a measure of policy beneficial in its various bearings, which will doubtless suggest themselves to your minds, I submit for your favorable consideration such an amendment of the act as will authorize the immediate receipt of the State bonds in payment of debts due the bank.

You are aware, I presume, that many of the debts due the bank are in a precarious condition, and will be exceedingly difficult to collect, even with the most prudent management. I have no doubt that a resort to harsh measures of coercive collection would, in a majority of instances, render collections still more difficult, if not wholly impossible.

This is more particularly the case where, as is often found, the principal is wholly insolvent, and the debt, if collected at all, must be paid by the securities. In view of this state of things, I recommend such an amendment of the act as will authorize the receivers to secure debts, when the principal is known to be able to pay, by taking liens upon land of sufficient value, or, if thought best, complete titles.

Experience has already shown that securities, and sometimes even friends, who are not legally bound, are willing to make the debt secure in the way I have suggested, when it would be impossible to coerce or otherwise secure its payment. Such an alternative, I am satisfied, has,

upon more than one occasion, been presented to the receivers, who have not felt authorized under the law to release securities. It will be found exceedingly difficult, if not impossible, except by this method, to collect debts where the principal has failed.

The present plan of electing an attorney for the bank or branches, with a fixed salary, is believed to be injurious to the interest of the State. The service of attorneys at some of the branches has cost the State much more than if the whole business of collection and of obtaining legal advice had been left to the discretion and management of the receivers; for they would call in the aid of counsel only when needful, and then pay a fair per centage upon collections. This, it is true, would increase the amount of discretionary power already lodged in the hands of the several receivers; but, in my opinion, it is preferable to a concentration, at the seat of government, of all business relating to the winding up of the branches, that will ultimately be required in order to prevent local combinations, which, it is believed, have already been made to interfere, to some extent, with the collection of debts due the banks.

I believe that the general plan of the act of liquidation is as well calculated to secure the interests of the State as any now in the power of the general assembly to devise. With a few alterations, such as I have mentioned, and under the management of active and judicious receivers, I am of opinion that at least one-half of the debts at some of the branches, and perhaps a larger proportion at others, may finally be collected.

This last statement may be regarded as presenting a somewhat gloomy picture of a very important interest of the people of this State. It is nevertheless a true one; and, deeming it so, my duty the more imperatively requires me to speak plainly of it, and earnestly urge it upon your prompt attention. For nothing is more true of the affairs, either of individuals or of States, than that they are most in want of attention when it is unpleasant to think or speak of their real condition.

The limited knowledge which, in common with the public, I possess of the affairs of the Real Estate Bank, does not enable me to add much to the suggestions of my predecessor.

I concur with him as to the propriety of an investigation into the affairs of that institution. Without pretending to determine whether it now exists as a public corporation or as an association of private individuals, or whether it has been fairly or unfairly conducted, I have no hesitation in declaring my opinion that, inasmuch as it was created by the representatives of the people for the public good, and not for private advantage alone, it is not now, nor can it ever become, independent of the power from which it derived its existence. And further, that inasmuch as it still exerts an influence upon the interests of the people, it is alike the right and duty of the people's representatives to ascertain whether that influence be rightfully and usefully exercised. If it be, then a knowledge of the fact will satisfy the public mind, and promote the public good. If it be not, then the evil in this case, as in all others coming within the scope of legislative power, should be promptly corrected. It is a monstrous position, which I have heard advanced, that the legislature has no rightful authority to examine into the affairs of this institution or any other, whether public or private, whose acts are believed to affect the public interest. It is truly a dangerous one when maintained in reference to institutions created by the legislature. The power to create corporations, and endow them with

exclusive privileges, is, to say the least of it, at war with the fundamental principles of popular government; and, when exercised in behalf of associated wealth, is among the most dangerous which any government has ever wielded. Experience has proven this in almost every State of the Union, and in no one more disastrously than in our own. If, added to this, it is admitted that corporations of any kind, once created, may become independent of their authors, may alter the terms of their original existence, and prescribe new terms for their own perpetuation, it is not too much to say that political power is no longer in the hands of the people; that our form of government is subverted, and, in the language of my predecessor, that the country is governed by a "set of soulless corporations." I hold it to be a self-evident truth, that the power to abolish is inseparable from the power to create. And as with governments, so with all inferior creatures, including banks—when they fail to answer the purposes of their creation, it is the right and duty of the creating power to abolish them. In regard to banks, particularly, it is to my mind a plain and unavoidable principle, that when they fail, either by falling short or transcending the conditions of the law, by which alone they exist, all their powers and privileges at once revert to the source from which they were derived, and which in this instance is the legislature. It is true, our State constitution, if it does not impart the power, limits the legislature in its authority to the creation of a certain number of banks; but, at the time it was framed and adopted, a state of feeling existed among the people of the whole country unparalled in all past time, and never to be experienced again, it is hoped, in all time to come. We then followed an *ignis fatuus*, which lured us on but to dazzle, bewilder, and betray; while now we have a light made clear and steady by a severe experience, by which we are guided to a truer policy. If our constitution were to be framed at the present day, where is the convention that would confer the power, or rather would not prohibit the power, of creating banks by the legislature? Need it be asked if the people of Arkansas would ratify any such grant of power? I do not mistake the popular will when I say that instead of granting the power to create banks, they would expressly prohibit it. If this opinion be correct, of which I have no doubt, I feel warranted in advising the proper steps to be taken for an amendment of the constitution in accordance with it.

I feel it to be my duty, also, to join earnestly in the recommendation of my predecessor, that immediate steps be taken to have the affairs of the Real Estate Bank thoroughly examined and exhibited to the people, whose right it is to be informed of every thing affecting their interests. And it is hoped that any legislation on the subject, which you may think proper to adopt, will provide some definite, certain, and effective means for its own execution, and thus guard against such signal and disastrous failure as attended the action of the last session of the general assembly in regard to the same matter.

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Among the good effects to be expected from the system of internal improvement I have proposed, would be the diffusion among the people of ready means sufficient to enable many to discharge their liabilities to the banks. This is a consideration of peculiar importance when taken in connexion with the late floods of our rivers, which have proven so destructive to the crops as to forbid the hope that any considerable amount of

bank debts will or can be paid during the current year, from the sales of cotton or other agricultural products. Under these circumstances, I do not feel justified in advising any additional tax upon the people, who are already very heavily burdened. And yet we are without the means in hand to pay the accumulated and still accruing interest upon our State bonds. This will not, I trust, and in justice should not, be attributed to a spirit of repudiation. Our escutcheon has, so far, been preserved free from this stain; and I sincerely hope and confidently believe it will be in all time to come. Our failure to pay has resulted from inability, and not, I am sure, from indisposition to meet fully and promptly all our just liabilities. And I am equally sure, so soon as the requisite means shall be in our possession, none will have just cause of complaint at our delinquency.

In view of our embarrassments, it may be wise to consider of the causes which have produced them; for if such a retrospect cannot remedy the evils of the past, it may serve as a salutary lesson in the future. And here we are met at the very outset with the now obvious imprudence, on the part of our infant States, of incurring such an enormous debt for the establishment of banks, which, without the ability to create real elements of prosperity, gave fictitious values to every species of property, repressed and retarded the development of the true resources of our soil and people, and, at length exploding, have left us the crippled victims of visionary speculation. The pursuits of our people, and the condition of our country, just emerging from the wilderness, did not then, and do not now, justify the use of banking facilities, if at all, to the extent provided, and of which we availed ourselves, as it seemed, in a spirit of emulation of the extravagance of other States, rather than in accordance with our real wants and substantial means. The highly inflated state of the currency in all parts of the Union, at the time our banks went into operation, with the other causes I have mentioned, all contributed to lessen the value of each man's accommodation, while in the same ratio it added to the debt contracted and to be paid now. Few, I apprehend, have ever been able to realize any profit from their so-called accommodations; while almost every one has a loss to regret. In these I trace the causes of the present embarrassments of our State and people; and hence our inability to pay our debts. But while we cannot pay, we will neither deny nor repudiate them. We only ask a little time, which, judiciously improved, will enable us once more to stand before the world unembarrassed and out of debt. Sincerely entertaining these hopes, I confidently express them, from my knowledge of the character of the State in regard to its people and resources. I know it has all the elements of true greatness and prosperity, and that these only require time and freedom from embarrassment for their full and successful development. And in this hope I again urge upon you, and our common constituents, to learn wisdom from the severe ordeal of experience through which we have passed, and from which we are not yet free.

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THOMAS S. DREW.

LITTLE ROCK, *November* 20, 1844.

Extracts from the report on the condition of the State Bank, November, 1844.

That part of the governor's message recommending that longer indulgence than the act of liquidation provides for should be given to the debtors of the bank has received the serious consideration of the committee, but does not meet with their approbation. Common every-day experience teaches us that the longer a man owes a debt the weaker the obligation he feels to pay it; and it is to be feared that at every succeeding legislature as good causes should be shown for a protraction of payment by the debtors of the bank as at the present, or until nothing short of repudiation itself would satisfy them. Whatever measures may be adopted to facilitate the winding up of the bank, and to save expense, and make the debts more secure, we think it desirable to abstain from any alteration of the time within which the law provides it shall be done.

It is shown, in the preceding part of this report, that the circulation of the State Bank and branches amounts at this time to $166,177 50.

It appears to your committee to be the first duty, as it was the highest obligation of the bank, to relieve our people from the curse of such a circulating medium, and our State from such a revenue as Arkansas bank paper.

To the accomplishment of this object, it is essential that the legislature declare a complete and entire divorce between the State Bank and the Real Estate Bank; that the paper of the latter be no longer received for the debts due the former or its branches, nor for any dues to the State whatever.

It appears to us that nothing could be more unwise or impolitic than for the State to discharge in her own bank paper, at the rate of two for one, any claim against her, as long as there is one dollar of specie in the vaults of the bank or any of its branches. This, in some instances, has been done.

If the legislature does not adopt some system by which the officers of the State, of every description, will be paid in some other currency than our own bank paper, it must be evident to every one that we will only cease to collect our revenue in this description of money when, by the flowing and ebbing of this paper into and out of the treasury, it is literally worn out; because no State should collect more revenue than is necessary to defray the expenses of its government economically administered; and consequently all that is collected will be paid out, and, if in kind, in Arkansas money.

The $135,260 in Real Estate money, found by your committee to be in the principal bank, we would recommend to be changed for the bonds of the State or for State Bank paper. Our bonds are drawing interest, while this Real Estate money is not.

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A. RUST,
Chairman House of Representatives.
H. SMITH,
Chairman of Senate.
M. T. SCOTT,
JOHN D. STEELE,
JOHN BILLINGSLY,
M. B. McCOY,
ELISHA BURKE,
WM. W. FLOYD.

Banks of Arkansas—October, 1844.

Name of bank.	Capital.	Loans and discounts.	Stocks.	Real estate.	Other investments.	Due by other banks.
Bank of the State	$1,502,706	$503,558	$40,814	$29,790	$13,571	
Real Estate Bank	1,500,000	1,849,059				
Total of 2 banks and 8 branches	3,002,706	2,352,617	40,814	29,790	13,571	

Banks of Arkansas—Continued.

Name of bank.	Notes of other banks.	Specie funds.	Specie.	Circulation.	Deposites.	Due to other banks.	Other liabilities.
Bank of the State	$130,684	-	$35,940	$166,177	$15,112		
Real Estate Bank	16,490	-	-	244,265	125,701		
Total of 2 banks and 8 branches	147,174	-	35,940	410,442	140,813		

NOTE.—The loans and discounts of the Bank of the State at Little Rock only are given above, no returns having been received of the loans and discounts by the branches at Batesville, Fayetteville, and Arkansas. The Bank of the State had on hand notes to the amount of $130,684 of the Real Estate Bank, and the Real Estate Bank had on hand State Bank notes to the amount of $16,490. Deducting these sums from the total stated in the table, it appears that the net circulation of the banks of Arkansas was, in the autumn of 1844, $263,443.

The following is a specimen of fiscal rascality and depredation on the public in one year, as published in the papers from time to time:

Whole capital of the United States Bank - -	$35,000,000
Schuylkill Bank, robbed by the cashier - - -	1,300,000
Manhattan Bank, robbed by Newton - - -	50,000
Virginia Bank, robbed by Dabney - - -	500,000
Georgia Bank, robbed by Baker - - - -	80,000
Frederick Bank, Maryland, (compromise by Bill Wiley)	186,000
Norwich railroad, robbed by the president - -	10,000
Bank of Louisiana, robbed by the teller - - -	60,000
Bank of New Orleans, robbed by the teller - -	80,000
Canal Bank of New Orleans, robbed by the teller -	100,000
Bank of Michigan, robbed by the officers - -	100,000
State Bank of Illinois, robbed by Town - -	90,000
Merchants' Bank of Baltimore, robbed by clerk - -	10,000
Tennessee Bank, Nashville, robbed by officers - -	7,000
Frankfort Bank, Kentucky, robbed by the president -	100,000
State Bank, Arkansas, robbed by Ball - - -	64,000
Twenty-three New York red-dog banks, robbed by officers - - - - - - - -	1,500,000
Pennsylvania Bank, robbed by officer Smith - -	100,000
Western Bank, robbed by cashier Israel - - -	15,000
Camden Bank, New Jersey, robbed by Patterson -	13,000
Farmers' Bank, Troy, robbed by Jones - - -	10,000
Western Bank, Georgia, robbed by Moore - -	75,000
Bank of Cape Fear, North Carolina, robbed by the cashier	10,000
Bank of Wooster, Ohio, robbed by the officers - -	100,000
Planters' Bank, Georgia, robbed by the officers - -	105,000
Bank of Steubenville, Ohio, robbed by the officers -	125,000
Franklin Bank, Baltimore, robbed by Stamberger -	50,000
Newburyport Bank, robbed by Wyckoff - -	30,000
Millington Bank, Maryland, robbed by Sherwood -	50,000
Gallipolis Bank, Ohio, robbed by the officers - -	20,000
Ten other Ohio banks, robbed by the officers - -	1,000,000
Six Maine banks, robbed by the officers - -	800,000
Commercial Bank of New York, robbed by the officers—one half the capital - - - - - -	250,000
Besides the forgeries of Mitchell, Smith, and numerous others - - - - - - - -	200,000
Making in all - - -	$42,262,000

This is but a portion of the amount swindled. It is impossible to ascertain the amount lost by counterfeits, depreciation, &c. Bicknell, the same year, ascertained that counterfeits on two hundred and fifty-four different banks were in circulation, and of one thousand three hundred and ninety-five different descriptions, from one to five hundred dollars, and no doubt many more were in circulation of which he had no knowledge.

The following is a summary of a report made by the Secretary of the Treasury of the United States, in answer to a resolution of the Senate in-